

CHAPTER 113

INSURANCE

HOUSE BILL 02-1050

BY REPRESENTATIVE(S) Coleman, Borodkin, Boyd, Jameson, Mace, Ragsdale, Tapia, and Williams S.;
also SENATOR(S) Hernandez.

AN ACT**CONCERNING DISCLOSURES SPECIFICALLY RELATED TO THE COST SAVINGS ASSOCIATED WITH
MANAGED CARE OPTIONS IN PERSONAL INJURY PROTECTION UNDER THE NO-FAULT MOTOR
VEHICLE INSURANCE LAW.**

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 10-4-706 (2) (a) (II) (C) and (2) (f), Colorado Revised Statutes, are amended to read:

10-4-706. Required coverages - complying policies - PIP examination program - repeal. (2) (a) (II) When a person makes an initial application for insurance coverage under this part 7, in addition to any other requirements established by law, the insurer shall disclose in the same medium as that in which the application was taken, or in written form, the following information regarding managed care options:

(C) ~~Whether the insurer offers such a managed care option and, if so, the disclosure shall indicate that potential cost savings may be obtained if an insured chooses to accept a managed care option~~ WHAT THE APPROXIMATE COST SAVINGS WILL BE IF THE MANAGED CARE OPTION IS ACCEPTED, EXPRESSED EITHER AS A DOLLAR SAVINGS OF THE PERSONAL INJURY PROTECTION POLICY TERM PREMIUM OR AS A PERCENTAGE OF SUCH PREMIUM.

(f) (I) An insurer offering the coverages authorized in paragraphs (a) and (b) of this subsection (2) shall demonstrate in rate filings submitted to the commissioner the savings to the insured to be realized under the plan and shall further certify pursuant to section 10-4-725 to the commissioner any disclosure form to be used to record an insured's election for any coverage authorized in paragraphs (a) and (b) of this subsection (2). A disclosure form for a managed care arrangement shall include the

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

following information: ~~in type of at least twelve-point size:~~

~~(F)~~ (A) That a policy containing a managed care option may be accepted or rejected by the named insured at any time upon notice to the insurer or its ~~agent~~ PRODUCER; except that such change shall not affect any claim arising out of an accident that occurred prior to the date of such notice;

~~(H)~~ (B) That obtaining or renewing the insurance policy is not dependent upon accepting a managed care option; and

~~(H)~~ (C) What the approximate cost savings will be if the managed care option is accepted.

(II) THE MANAGED CARE FORM SHALL INCLUDE, IN ADDITION TO THE REQUIREMENTS OF SUBPARAGRAPH (I) OF THIS PARAGRAPH (f), AN ACKNOWLEDGMENT, TO BE SIGNED BY THE INSURED, INDICATING THAT THE INSURED ACCEPTS THE MANAGED CARE PROVISIONS AS OPTIONAL COVERAGE AND UNDERSTANDS THAT THE DISCOUNT FOR THE MANAGED CARE OPTION ONLY APPLIES TO THE PERSONAL INJURY PROTECTION PORTION OF THE INSURED'S PREMIUM AND NOT AS A TOTAL OF THE INSURED'S PREMIUM. THIS ACKNOWLEDGMENT SHALL APPEAR IN TYPE, THAT IS EITHER ALL CAPITAL LETTERS OR UNDERLINED, IN THE FORM.

SECTION 2. Effective date - applicability. (1) This act shall take effect January 1, 2003, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part shall take effect on the specified date only if approved by the people.

(2) The provisions of this act shall apply to insurance policies for motor vehicles issued or renewed on or after the applicable effective date of this act.

Approved: April 19, 2002